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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK

3 UNITED STATES OF AMERICA,

4 v.

20 Cr. 110 (LJL)

5 LAWRENCE RAY,

6 Defendant.

7 -----x  
8 New York, N.Y.  
9 February 12, 2020  
4:00 p.m.

10 Before:

11 HON. LEWIS J. LIMAN

District Judge

12  
13 APPEARANCES

14 GEOFFREY S. BERMAN

United States Attorney for the  
Southern District of New York

15 BY: DANIELLE SASSOON

16 Assistant United States Attorney

17 MARNE LENOX

18 PEGGY CROSS-GOLDENBERG

Attorneys for Defendant

19 ALSO PRESENT: Kelly McGuire, F.B.I.  
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1 (In open court)

2 (Case called)

3 MS. SASSOON: Good afternoon, your Honor. Danielle  
4 Sassoon for the United States, and I am joined by F.B.I.  
5 special agent Kelly MaGuire.

6 THE COURT: Good afternoon, counsel.

7 MS. LENOX: Good afternoon, your Honor. For Mr. Ray,  
8 Federal Defenders by Marne Lenox, and I am joined at counsel  
9 table by my colleague Peggy Cross-Goldenberg.

10 THE COURT: Good afternoon. I understand that we are  
11 here today for an arraignment and an initial conference. Is  
12 that correct?

13 MS. SASSOON: That's correct, your Honor.

14 THE COURT: Mr. Ray, would you please stand.

15 Mr. Ray, you have been indicted in an indictment that  
16 contains nine counts. It charges you with extortion  
17 conspiracy, extortion, sex trafficking, forced labor, forced  
18 labor racketeering, forced labor conspiracy, use of interstate  
19 commerce to promote unlawful activity, and money laundering.

20 Have you seen a copy of the indictment?

21 THE DEFENDANT: Yes, your Honor.

22 THE COURT: And have you had an opportunity to discuss  
23 it with your lawyer?

24 THE DEFENDANT: Yes, your Honor.

25 THE COURT: And have you discussed it with your

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1 lawyer, with your counsel?

2 THE DEFENDANT: Yes.

3 THE COURT: OK. You have a right for me to read the  
4 indictment out loud to you. Would you like me to do so?

5 THE DEFENDANT: No.

6 THE COURT: So do you waive the public reading of the  
7 indictment? You have to speak out loud, sir.

8 THE DEFENDANT: Yes.

9 THE COURT: How do you plead, sir, to the indictment?

10 THE DEFENDANT: Not guilty.

11 THE COURT: You may be seated. Thank you.

12 Counsel, I'd like to discuss briefly the question of  
13 discovery and a next conference in this case. Would the  
14 government please describe to me what the status is of  
15 discovery and how long you need to make discovery in this case.

16 MS. SASSOON: Yes, your Honor. The discovery is going  
17 to be fairly extensive, and I think it would help to describe  
18 different categories of discovery and a proposed time line, and  
19 the fact that for some discovery it's difficult to put timing  
20 on it, and I can explain why.

21 So, first, we anticipate pushing out a first wave of  
22 discovery in the next week or so that will include all of the  
23 warrants and warrant applications in this case. There are  
24 numerous warrants, including a cell site warrant, an iCloud  
25 search warrant for seven iCloud accounts, another iCloud search

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1 warrant for two accounts used by Ray's associates, phone search  
2 warrants, a GPS warrant, a premises search warrant, and a  
3 search warrant executed yesterday for a storage unit used by  
4 Mr. Ray. Again, we expect to get all of those warrants and  
5 applications out within the next week.

6 THE COURT: Is there any reason why you couldn't  
7 complete discovery of that in the next week, by a week from  
8 today?

9 MS. SASSOON: No, your Honor.

10 In addition, as part of that initial wave of discovery  
11 we anticipate producing the defendant's criminal history, his  
12 post-arrest statement made yesterday, returns from the Internal  
13 Revenue Service, cell site records and some subpoena returns.

14 In the category of subpoena returns, we have issued  
15 more than 100 subpoenas in this case, and some of those  
16 subpoena returns, like financial records, can be produced  
17 relatively quickly, but there is a category of discovery in  
18 this case that includes very sensitive material for which we  
19 will be consulting with defense counsel for a protective order  
20 to govern the disclosure of that material, and that's going to  
21 include some of the subpoena returns as well as some of the  
22 e-mail and iCloud evidence. And I think I failed to mention  
23 that there is also an e-mail search warrant for seven accounts  
24 including four used by Ray. But as part of this investigation  
25 we have obtained e-mail and iCloud accounts belonging to other

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1 individuals including victims of Ray, and we have to discuss  
2 how that information is going to be shared with defense counsel  
3 while also protecting that information.

4 THE COURT: So with the exception of the subpoena  
5 returns -- some of which you will not be able to do in a  
6 week -- the bulk of the other stuff in that category two you  
7 will be able to produce by a week from today.

8 MS. SASSOON: That's correct.

9 The next category is going to be Ray's own iCloud and  
10 e-mail accounts, and that will take a little bit more time to  
11 process, and also to get a hard drive from defense counsel  
12 large enough to include the data, which is over a terabyte of  
13 data.

14 For Ray's accounts we can produce those in their  
15 entirety, and that's going to include both e-mails and  
16 multimedia like photographs and videos.

17 But, as I mentioned, there is a category of iCloud and  
18 e-mail evidence belonging to victims, including sensitive  
19 material and sexually explicit material, and culling out the  
20 responsive material from those accounts is going to take time.  
21 We have to do a responsiveness review to be able to produce  
22 only part of those accounts and not the private, nonpertinent  
23 parts of those victims' accounts, and so that's underway.

24 THE COURT: Explain that last category to me again.

25 MS. SASSOON: Yes. So we have, for example, an iCloud

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1 account belonging to one of the victims. In that account, for  
2 example, there are videos that are relevant evidence for this  
3 investigation, for example, videos of Ray berating the victim,  
4 sexually explicit conduct that relates to the extortion. But  
5 because these accounts don't belong to Ray, it would be  
6 inappropriate to produce the entire account, including  
7 nonresponsive material, to Ray, and so we have to complete our  
8 review of the account for responsive material that is evidence  
9 of the subject offenses, and that's been underway but will take  
10 a little bit of time.

11 THE COURT: But when you say a little bit of time, can  
12 you be a little bit more specific?

13 MS. SASSOON: About a month, your Honor.

14 THE COURT: I'm acknowledging that you've said that;  
15 I'm not agreeing that that should be the deadline.

16 MS. SASSOON: And then so that will take some time.  
17 And then what is likely to take the most time is processing the  
18 material seized yesterday in search of the house, and that is  
19 because in the course of that search somewhere between 20 and  
20 40 electronic devices were seized, and our understanding of  
21 those electronic devices is that it includes both devices used  
22 by Ray, devices used by his associates, and also devices seized  
23 over the course of this criminal conduct.

24 In the course of the investigation, we learned from  
25 more than one witness that Ray would seize their electronic

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1 devices in order to extort them with sensitive material that  
2 was contained on those devices. For example, a victim of Ray's  
3 sex trafficking described that he would have her use her phone  
4 to take sexually explicit videos and then seize her electronic  
5 devices to use that material against her. The search  
6 corroborates that information, and we believe some of those  
7 devices are contained within the devices seized, in part  
8 because one person on the scene of the search identified some  
9 of the devices as belonging to that female victim.

10 In addition to these electronics, a lot of paper  
11 records were seized, including journals. In the course of the  
12 criminal conduct the defendant directed his victims to write  
13 sensitive and incriminating things in journals, that he would  
14 then seize and use against them. We now have some of those  
15 journals, and so we have to process these journals, figure out  
16 a way to either scan them or make them accessible to defense  
17 counsel, and then we need to image all of the electronic  
18 devices, and that can take time and is not entirely within our  
19 hands; it depends a little bit on the F.B.I.

20 So, I think if we have a conference sometime in the  
21 next few weeks, I will be better equipped to provide an update  
22 on the processing time of those devices.

23 THE COURT: With respect to the victims' devices that  
24 were seized, are there issues of consent with respect to those?  
25 Or is it sufficient that they were seized from the defendant?

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1 MS. SASSOON: So, it's our position that our warrant  
2 would encompass these materials; it wasn't limited to  
3 electronic devices belonging to Ray, although they were in his  
4 possession at the time. In our view it was expansive enough to  
5 include electronic devices that would have evidence of the  
6 subject offenses, and this would fall in that category.

7 THE COURT: And do you have any rough estimate as to  
8 how long it will take you for the discovery of the items in  
9 this category?

10 MS. SASSOON: My understanding is that defense counsel  
11 is likely to request a conference sometime in the near term,  
12 and I would request that I provide an update at that  
13 conference, because F.B.I. is still coming up with an estimate  
14 on timing for these devices, and we don't yet know the quantity  
15 of data contained on these devices, which will affect how long  
16 it takes to unlock them and to image them. Once they are  
17 unlocked and imaged, it will then take time to process what we  
18 have to produce and what should not be produced.

19 THE COURT: Are there other categories of discovery,  
20 or are we now complete?

21 MS. SASSOON: There are other categories of sensitive  
22 discovery, for example, BackPage prostitution ads, which we  
23 will produce under an anticipated protective order, but I have  
24 largely covered the categories of evidence.

25 THE COURT: I will hear from defense counsel in a



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1 moment. But, counsel, one or two more questions for you before  
2 I hear from defense counsel.

3 The first question is, to the extent that you are  
4 prepared to do so, it would be helpful to the Court if you  
5 could describe the law enforcement techniques that were used in  
6 this case. I hear that there were search warrants, but in  
7 thinking about potential motion practice it would be useful to  
8 know what other types of law enforcement activity there was,  
9 again to the extent that you're prepared to discuss it.

10 MS. SASSOON: Yes, your Honor. So there were numerous  
11 witness interviews conducted in this case. Approximately 17  
12 different witnesses were interviewed in connection with this  
13 investigation. There were numerous warrants executed which I  
14 have described. There was extensive financial analysis  
15 conducted in connection with this case that underpins the  
16 extortion and money laundering counts, and also that  
17 corroborated evidence about the sex trafficking in this case.  
18 There were steps taken by the IRS, including the maintaining of  
19 IRS records which show that the defendant did not file any tax  
20 returns or report any income throughout the period of his  
21 criminal conduct.

22 THE COURT: I take it there were no wiretaps or  
23 line-ups.

24 MS. SASSOON: No, your Honor.

25 THE COURT: One last question, counsel. I take it

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1 that there are alleged victims in connection with this case,  
2 and I want to make sure that the appropriate procedures are  
3 being followed with respect to notification of alleged victims.

4 MS. SASSOON: Yes, your Honor, they are.

5 THE COURT: Thank you. I will now hear from defense  
6 counsel.

7 MS. LENOX: Thank you, your Honor. The Federal  
8 Defenders were appointed to represent Mr. Ray -- I'm sorry.

9 The Federal Defenders represented Mr. Ray at his  
10 presentment yesterday for a presentment only. We did not fill  
11 out a financial affidavit at that time. That still needs to be  
12 filled out or Mr. Ray has to retain counsel.

13 So, I would ask for a brief adjournment of roughly two  
14 weeks, both so that we can sort out the representation issue  
15 and also so that on that date there may be a possible bail  
16 hearing for Mr. Ray.

17 THE COURT: So I take it on behalf of Mr. Ray today  
18 you are requesting an adjournment of two weeks and a further  
19 conference in approximately two weeks to discuss those items.

20 MS. LENOX: That's correct, your Honor.

21 THE COURT: And I take it from the government there is  
22 no objection. That's consistent with your request as well.

23 MS. SASSOON: Yes, your Honor. And I would just note  
24 that to the extent that his representation is in flux, that  
25 will delay the ability to enter a protective order and obtain

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1 hard drives from defense counsel. So, while we can get the  
2 first wave of discovery out, that may delay the production of  
3 the other categories.

4 THE COURT: Although it sounds like you've got plenty  
5 of work to do with respect to the remainder of the productions  
6 and that you can get it ready so when there is counsel.

7 MS. SASSOON: Absolutely.

8 THE COURT: Let's discuss the Speedy Trial Act for a  
9 moment. I take it the defendant was arrested yesterday so it's  
10 one day that's run on the speedy trial clock? Is that right?

11 MS. SASSOON: He is being arraigned today, so I think  
12 that it would start to run from the time of arraignment.

13 THE COURT: So there is no time that's run.

14 MS. SASSOON: That's my understanding.

15 THE COURT: Is there an application with respect to  
16 the speedy trial clock?

17 MS. SASSOON: Yes, your Honor. The government would  
18 move to exclude time between today and the date of the next  
19 conference, once it's determined, in the interests of justice,  
20 so the government can prepare and produce discovery, defense  
21 counsel can begin reviewing discovery, and the defendant can  
22 sort out his representation in this case.

23 THE COURT: Give me a second just with respect to the  
24 next conference. February 26 at 3 p.m.?

25 MS. SASSOON: Yes, your Honor.

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1 MS. LENOX: That's fine, your Honor. Thank you.

2 THE COURT: OK. Does the defense have any objection  
3 with respect to the exclusion of time under the Speedy Trial  
4 Act?

5 MS. LENOX: No objection, your Honor.

6 THE COURT: So, I will then exclude time under the  
7 Speedy Trial Act from today until February 26 pursuant to 18  
8 U.S.C. 3161(h)(7)(A). I find that the ends of justice served  
9 by excluding such time outweigh the interests of the public and  
10 the defendant in the speedy trial for a number of reasons,  
11 including the need for the defendant to have time to retain  
12 counsel or have counsel appointed, for there to be time for the  
13 government to produce discovery to the defendant, and to have  
14 discussions about a protective order and the nature of the  
15 discovery to be produced, and also for the defendant to have  
16 time to review any discovery that is made available.

17 Is that sufficient from the government's perspective?

18 MS. SASSOON: Yes. Thank you.

19 THE COURT: Is there anything else from the  
20 government's perspective that we should do today?

21 MS. SASSOON: No. Thank you, your Honor.

22 THE COURT: From the defense's perspective?

23 MS. LENOX: No. Thank you, your Honor.

24 THE COURT: Thank you all for coming in today.

25 (Adjourned)